GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:638
ANSWERED ON:02.03.2007
COUNTERFEIT NOTES FROM ATMS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that counterfeit notes are being disbursed through ATMs;

(b) whether the Reserve Bank of India (RBI) has issued instructions to Banks to ensure that no counterfeit notes are disbursed through ATMs;

(c) if so, the details thereof;

(d) the number of complaints of counterfeit notes being dispensed through ATMs received by RBI;

(e) whether RBI has instructed Banks to detect fake notes before putting in ATMs; and

(f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Reserve Bank of India (RBI) has reported that they have received certain complaints regarding dispensing of fake currency notes.

(b) & (c) : RBI had issued instructions to banks on December 18, 2003 and reiterated the same on December 7, 2005 advising the banks to put in place adequate safeguards to ensure that counterfeit banknotes are not put into circulation through ATMs/Cash Counters. Further, based on an anonymous letter from a customer, citing an incident of receipt of counterfeit banknote through a bank`s ATM, the bank had issued a circular to all its regional offices on December 12, 2006 advising them to ensure that the banks in their jurisdiction did not dispense counterfeit banknotes through their ATMs/exchange counters. They were also advised to issue a press release `in the focal newspapers` (including vernacular language of the state) to create public awareness on the action taken. A Press Release was given by the Press Relation Division of RBI on January 8, 2007 in Mumbai in this regard.

(d): RBI has reported that they had received two complaints from the members of Public/Bank customers during the year 2005 and early 2006 regarding dispensing of fake currency notes. The details are as under:

i) On November 11, 2005, a customer reportedly received twenty counterfeit bank notes of Rs.500 denomination from ICICI Bank, Karunagapally Branch through ATM replenished by Kollam Branch of ICICI. An FIR had been lodged by the complainant.

ii) A customer at Kolkata was reported to have detected a counterfeit bank note in denomination of Rs.100 from ATM of HDFC Bank, Kolkata.

(e) & (f). Concerns arising out of detection of counterfeit bank notes are being addressed by the RBI on a continuous basis. Some of the broad measures undertaken are given in the Annex.

ANNEX

(i) New/additiona! security features have been incorporated in the banknotes in the denomination of Rs. 10, Rs.20, Rs.50, Rs.100, Rs.500 and Rs.1000. The new security features pertain to security thread, more prominent intaglio printing, anti photo-copying features, latent image, micro lettering improved water mark and electrolyte mark and colour shift features (through optically variable ink).

(ii) A separate division exists in the Bank`s Central Office at Mumbai for collection and analysis of data on counterfeit bank notes detected in the banking sector with a view to take appropriate steps to combat the menace of counterfeit bank notes. All commercial banks have also formed Forged Note Vigilance Cells in this regard as per RBI`s instructions.

(iii) The Banks have been instructed to lodge FIR with Police Authorities in respect of counterfeit banknotes detected at their counters. The Regional Offices of RBI also lodge FIR on detection of counterfeit banknotes in the remittances received from the banks.

(iv) The Reserve Bank has been coordinating with the investigating agencies like the Intelligence Bureau and the Centra! Bureau of Investigation as well as State Police Authorities for concerted action against the counterfeiters.

(v) The Reserve Bank has also been regularly conducting training programme for detection of counterfeit banknotes for employees/officers of banks and other organizations handling large quantities of cash on a daily basis.

(vi) The Reserve Bank has afso advised other banks to improve their mechanism for not only detection of counterfeit banknotes but afso for gathering intelligence and pass over such information to the Reserve Bank, Central Office.

(vii) The Government of India has designated CBI as the nodal agency to coordinate and monitor investigations of cases involving detection of counterfeit banknotes. The CBI has since nominated nodal officers for each State.

(viii) All banks have been advised to install Note Sorting Machines to detect the counterfeit banknotes at the entry level so as to stop their further circulation. Most of Currency Chest branches (96%) have since been equipped with these machines. RBI is pursuing the matter with banks to achieve 100% target.